

## 13N - ORANGE COUNTY TOBACCO SETTLEMENT

### Operational Summary

#### Description:

To administer the use of the County's share of the national Tobacco Settlement in accordance with the conditions set forth in a local initiative, Measure "H", approved by the voters on November 7, 2000.

On November 23, 1998 the major American cigarette manufacturers agreed to a settlement (Master Settlement Agreement, MSA) of litigation brought by the Attorneys General of 46 States (including California), five U.S. territories and the District of Columbia. In addition to restrictions related to cigarette advertising and underage smoking, the MSA requires that the tobacco companies pay the participants an estimated \$206 Billion over the next 25 years. After certain adjustments the payments are distributed on a population basis, with California estimated to receive (2000 census) about 12.0%. California's share is split 50-50 between the State and the eligible cities and Counties. Orange County's portion of the local share is about 8.4%.

Although there are not any conditions placed on the use of TSR local share by the MSA or State statute, Measure "H", which takes effect on July 1, 2001 restricts the use of TSR to specific health and public safety initiatives. Measure "H" which has been upheld in the Superior Court, requires the use of TSR be restricted to specific health related categories, 80% and public protection programs, 20%. The specific categories are described herein at the Activity level.

Due to the possibility that tobacco companies could fall into bankruptcy as the result of having to make large payments with litigants, there was a doubt as to whether all dollars budgeted will be fully received after FY 03-04. The actual FY 03-04 payments as of April 30, 2004 were \$181K more than the budgeted amount (\$30.1 million). The actual FY 04-05 payments as of April 30, 2005 were \$307K more than the budgeted amount (\$30.5 million).

Measure "H" applies only to TSR received after July 1, 2001. Please see Fund 14X in program VII for TSR received by the County prior to July 1, 2001.

#### At a Glance:

Total FY 2004-2005 Actual Expenditure + Encumbrance:	31,984,920
Total Final FY 2005-2006	37,099,164
Percent of County General Fund:	N/A
Total Employees:	.00

#### Strategic Goals:

- Administer the County's share of Tobacco Settlement Revenue received on or after July 1, 2001, in strict accordance with the requirements of voter approved Measure "H".

**Seniors & Persons w/Disabilities** - 19% is allocated to this Measure "H" category.

**Emergency Room Physicians & Specialists** - 23% is allocated to this Measure "H" category.

**Tobacco Prevention & Control** - 12% is allocated to this Measure "H" category.

**Child & Family Health Services** - 20% is allocated to this Measure "H" category.

**Comprehensive E.R. Services/Trauma Centers** - 6% is allocated to this Measure "H" category.

**Public Safety Program & Services** - 20%, is allocated to this Measure "H" category. Of the total in the public safety category, \$651,548 will be budgeted for the operation of the 64 bed secured substance abuse program at the Theo Lacy Branch Jail (additional \$861,100 for the above 64-bed program will be budgeted using the remaining public safety category carryover balance in Pre-Measure H TSR Fund-14X). The remainder of the Measure H public safety category balance, \$5,993,650 is allocated to the Theo Lacy Branch Jail Expansion, Phase III (Building "B").

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

The revenue in this fund is used in accordance to Measure "H" allocation and reimbursed to the Health Care Agency and the Sheriff-Coroner according to their claim and the available balance.

### Final Budget History:

Sources and Uses	FY 2003-2004	FY 2004-2005	FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual Exp/Rev	Budget As of 6/30/05	Actual Exp/Rev <sup>(1)</sup> As of 6/30/05	Final Budget	Actual Amount	Percent
Total Revenues	50,338,375	39,157,556	39,464,213	37,099,164	(2,365,049)	-5.99
Total Requirements	41,639,745	39,157,556	31,984,920	37,099,164	5,114,244	15.98
Balance	8,698,630	0	7,479,293	0	(7,479,293)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2004-05 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Orange County Tobacco Settlement in the Appendix on page page 586

## 13N - Orange County Tobacco Settlement

### Summary of Final Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2003-2004		FY 2004-2005		FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
	Actual Exp/Rev		Budget		Actual Exp/Rev <sup>(1)</sup>		Final Budget		Actual	
			As of 6/30/05		As of 6/30/05				Amount	Percent
Miscellaneous Revenues	\$	30,306,450	\$	30,458,926	\$	30,765,583	\$	30,860,644	\$ 95,061	0.30%
Total FBA		20,031,925		8,698,630		8,698,630		6,238,520	(2,460,110)	-28.28
<b>Total Revenues</b>		50,338,375		39,157,556		39,464,213		37,099,164	(2,365,049)	-5.99
Other Financing Uses		41,639,745		39,157,556		31,984,920		37,099,164	5,114,244	15.98
<b>Total Requirements</b>		41,639,745		39,157,556		31,984,920		37,099,164	5,114,244	15.98
<b>Balance</b>	\$	8,698,630	\$	0	\$	7,479,293	\$	0	\$ (7,479,293)	-100.00%

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2004-05 Actual Expenditure + Encumbrance included in the "At a Glance" section.

### Final Budget Summary of Seniors & Persons w/Disabilities:

Revenues/Appropriations	FY 2003-2004		FY 2004-2005		FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
	Actual Exp/Rev		Budget		Actual Exp/Rev <sup>(1)</sup>		Final Budget		Actual	
			As of 6/30/05		As of 6/30/05				Amount	Percent
Miscellaneous Revenues	\$	30,306,450	\$	5,787,196	\$	5,845,461	\$	5,863,522	\$ 18,061	0.30%
Total FBA		20,031,925		8,698,630		8,698,630		6,238,520	(2,460,110)	-28.28
<b>Total Revenues</b>		50,338,375		14,485,826		14,544,091		12,102,042	(2,442,049)	-16.79
Other Financing Uses		41,639,745		12,719,682		31,984,920		9,994,992	(21,989,928)	-68.75
<b>Total Requirements</b>		41,639,745		12,719,682		31,984,920		9,994,992	(21,989,928)	-68.75
<b>Balance</b>	\$	8,698,630	\$	1,766,144	\$	(17,440,829)	\$	2,107,050	\$ 19,547,879	-112.08%

### Final Budget Summary of Emergency Room Physicians & Specialists:

Revenues/Appropriations	FY 2003-2004		FY 2004-2005		FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
	Actual Exp/Rev		Budget		Actual Exp/Rev <sup>(1)</sup>		Final Budget		Actual	
			As of 6/30/05		As of 6/30/05				Amount	Percent
Miscellaneous Revenues	\$	0	\$	7,005,553	\$	7,076,084	\$	7,097,948	\$ 21,864	0.30%
<b>Total Revenues</b>		0		7,005,553		7,076,084		7,097,948	21,864	0.30
Other Financing Uses		0		7,005,553		0		7,121,583	7,121,583	0.00
<b>Total Requirements</b>		0		7,005,553		0		7,121,583	7,121,583	0.00
<b>Balance</b>	\$	0	\$	0	\$	7,076,084	\$	(23,635)	\$ (7,099,719)	-100.33%

### Final Budget Summary of Tobacco Prevention & Control:

Revenues/Appropriations	FY 2003-2004 Actual Exp/Rev	FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
		Budget As of 6/30/05	FY 2004-2005 Actual Exp/Rev <sup>(1)</sup> As of 6/30/05	Final Budget		Actual Amount	Percent
Miscellaneous Revenues	\$ 0	\$ 3,655,071	\$ 3,691,870	\$ 3,703,277		\$ 11,407	0.30%
<b>Total Revenues</b>	0	3,655,071	3,691,870	3,703,277		11,407	0.30
Other Financing Uses	0	4,610,113	0	4,620,998		4,620,998	0.00
<b>Total Requirements</b>	0	4,610,113	0	4,620,998		4,620,998	0.00
<b>Balance</b>	\$ 0	\$ (955,042)	\$ 3,691,870	\$ (917,721)		\$ (4,609,591)	-124.85%

### Final Budget Summary of Child & Family Health Services:

Revenues/Appropriations	FY 2003-2004 Actual Exp/Rev	FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
		Budget As of 6/30/05	FY 2004-2005 Actual Exp/Rev <sup>(1)</sup> As of 6/30/05	Final Budget		Actual Amount	Percent
Miscellaneous Revenues	\$ 0	\$ 6,091,785	\$ 6,153,117	\$ 6,172,129		\$ 19,013	0.30%
<b>Total Revenues</b>	0	6,091,785	6,153,117	6,172,129		19,013	0.30
Other Financing Uses	0	6,652,128	0	6,753,588		6,753,588	0.00
<b>Total Requirements</b>	0	6,652,128	0	6,753,588		6,753,588	0.00
<b>Balance</b>	\$ 0	\$ (560,343)	\$ 6,153,117	\$ (581,459)		\$ (6,734,576)	-109.44%

### Final Budget Summary of Comprehensive E.R. Services/Trauma Centers:

Revenues/Appropriations	FY 2003-2004 Actual Exp/Rev	FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
		Budget As of 6/30/05	FY 2004-2005 Actual Exp/Rev <sup>(1)</sup> As of 6/30/05	Final Budget		Actual Amount	Percent
Miscellaneous Revenues	\$ 0	\$ 1,827,536	\$ 1,845,935	\$ 1,851,639		\$ 5,704	0.30%
<b>Total Revenues</b>	0	1,827,536	1,845,935	1,851,639		5,704	0.30
Other Financing Uses	0	2,027,276	0	1,857,805		1,857,805	0.00
<b>Total Requirements</b>	0	2,027,276	0	1,857,805		1,857,805	0.00
<b>Balance</b>	\$ 0	\$ (199,740)	\$ 1,845,935	\$ (6,166)		\$ (1,852,101)	-100.33%

### Final Budget Summary of Public Safety Program & Services:

Revenues/Appropriations	FY 2003-2004 Actual Exp/Rev	FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
		Budget As of 6/30/05	FY 2004-2005 Actual Exp/Rev <sup>(1)</sup> As of 6/30/05	Final Budget		Actual Amount	Percent
Miscellaneous Revenues	\$ 0	\$ 6,091,785	\$ 6,153,117	\$ 6,172,129		\$ 19,013	0.30%
<b>Total Revenues</b>	0	6,091,785	6,153,117	6,172,129		19,013	0.30
Other Financing Uses	0	6,142,804	0	6,750,198		6,750,198	0.00
<b>Total Requirements</b>	0	6,142,804	0	6,750,198		6,750,198	0.00
<b>Balance</b>	\$ 0	\$ (51,019)	\$ 6,153,117	\$ (578,069)		\$ (6,731,186)	-109.39%